CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2019

City of Haslet Texas
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LaFollett and Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Haslet, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas, as of September 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB information on pages 3–8 and 44-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information on pages 50-65 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2020 on our consideration of the City's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

LaFollett & Company PLLC

LaFollett & Company PLLC
Tom Bean, Texas
March 16, 2020

CITY OF HASLET, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019

As management of the City of Haslet, Texas (the "City"), we offer readers of the City of Haslet's financial statements this narrative overview and analysis of the financial activities of the City of Haslet, Texas for the year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements [beginning on page 9].

FINANCIAL HIGHLIGHTS

- Total net position for the City of Haslet at the close of FY19 is $37,419,919 [page 9]. Unrestricted net position at the close of FY19 is $8,931,062 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $12,072,228 (48%) during fiscal year 2019.
- The City's governmental funds reported combined ending fund balances of $10,060,921 [page 11]. The fund balances increased by $3,421,969 (52%) [page 13]. $5,577,306 [page 11] is unassigned and available for spending at the City's discretion. The General Fund's unassigned fund balance of $5,577,306 [page 11] is equivalent to 160% ($5,577,306 / $3,485,343) of total 2019 General Fund expenditures [page 13], compared to 79% in 2018.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities [pages 9 and 10]. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements [starting on page 11] report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State.

The notes to the financial statements [page 19] provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operation [pages 9 and 10]. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position [page 9] includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities [page 10] includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and The Statement of Activities report two kinds of activities, as well as one component unit:

Governmental Type Activities – City services such as police, fire protection, municipal court, parks, street maintenance, and city administration are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses a proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Unit – The Haslet Economic Development Corporation (Type B) is reported in a separate column since it meets the requirements for discrete presentation in the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements [pages 11-18] provide detailed information about each City fund. The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules [pages 12 and 14].

Proprietary Funds – The City uses one proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds.

Fiduciary Funds – The City uses fiduciary funds to account for transactions of the Public Improvement Districts (PID). The full-accrual basis of accounting is used for these funds.

The table below provides a summary of the City's net position at September 30, 2019 and 2018.

Summary of Net Position

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 11,557,895	$ 2,697,053	$ 14,254,948	$ 7,317,662	$ 2,372,949	$ 9,690,611
Capital assets, net	17,601,006	15,616,649	33,217,655	14,083,302	11,624,095	25,707,397
Total Assets	29,158,901	18,313,702	47,472,603	21,400,964	13,997,044	35,398,008
Deferred Outflows of Resources	349,974	43,081	393,055	90,752	19,427	110,179
Other liabilities	1,358,909	223,536	1,582,445	497,256	368,819	866,075
Long-term liabilities	3,650,524	5,138,950	8,789,474	3,738,378	5,421,795	9,160,173
Total Liabilities	5,009,433	5,362,486	10,371,919	4,235,634	5,790,614	10,026,248
Deferred Inflows of Resources	40,356	33,465	73,821	113,344	20,903	134,247
Net Position:						
Net investment in capital assets	13,987,608	10,521,052	24,508,660	10,433,839	6,219,986	16,653,825
Restricted	3,980,197	-	3,980,197	3,425,135	-	3,425,135
Unrestricted	6,491,282	2,439,780	8,931,062	3,283,764	1,984,968	5,268,732
Total Net Position	$ 24,459,087	$ 12,960,832	$ 37,419,919	$ 17,142,738	$ 8,204,954	$ 25,347,692

The table below provides a summary of the changes in the City's net position for the years ended September 30, 2019 and 2018.

Summary of Changes in Net Position

	For the Year Ended September 30, 2019			For the Year Ended September 30, 2018		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 3,248,075	$ 3,367,477	$ 6,615,552	$ 1,134,055	$ 2,112,008	$ 3,246,063
Operating grants and contributions	162,509	35,000	197,509	3,020	106,917	109,937
Capital grants and contributions	3,077,476	4,142,918	7,220,394	317,963	-	317,963
General revenues:						
Property taxes	2,118,563	-	2,118,563	1,810,853	-	1,810,853
Sales taxes	2,931,335	-	2,931,335	1,557,855	-	1,557,855
Franchise tax	235,090	-	235,090	259,691	-	259,691
Unrestricted investment earnings	185,607	42,828	228,435	116,952	35,576	152,528
Miscellaneous revenue (expense)	202,527	39,002	241,529	262,415	127,149	389,564
Total Revenues	12,161,182	7,627,225	19,788,407	5,462,804	2,381,650	7,844,454
Expenses						
General government	571,095	-	571,095	497,944	-	497,944
Streets and parks	1,093,289	-	1,093,289	847,640	-	847,640
Court	189,821	-	189,821	159,491	-	159,491
Library	304,403	-	304,403	273,841	-	273,841
Public safety	1,449,330	-	1,449,330	1,306,439	-	1,306,439
Finance and planning	485,564	-	485,564	396,927	-	396,927
Economic development	343,976	-	343,976	110,331	-	110,331
Public works	369,951	-	369,951	346,939	-	346,939
Non-departmental	180,124	-	180,124	154,935	-	154,935
Interest on long-term debt	103,639	-	103,639	143,403	-	143,403
Water and sewer operations	-	2,624,989	2,624,989	-	2,485,312	2,485,312
Total Expenses	5,091,191	2,624,989	7,716,180	4,237,889	2,485,312	6,723,204
Change in Net Position Before Transfers	7,069,991	5,002,236	12,072,227	1,224,915	(103,662)	1,121,251
Transfers	246,358	(246,358)	-	45,832	(45,832)	-
Total	246,358	(246,358)	-	45,832	(45,832)	-
Change in Net Position	7,316,349	4,755,878	12,072,227	1,270,747	(149,494)	1,121,251
Beginning Net Position	17,142,738	8,204,954	25,347,692	15,871,991	8,354,448	24,226,440
Ending Net Position	$ 24,459,087	$ 12,960,832	$ 37,419,919	$ 17,142,738	$ 8,204,954	$ 25,347,690

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled $37,419,919 at the close of FY19. Net assets increased $12,072,228 (48%) during fiscal year 2019.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $3,662,330 (70%) during 2019.

Sixty-five percent (65%) ($24,508,660/ $37,419,919)[page 9]) of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As the City completed the year 2019, its governmental funds, as presented in the balance sheet [page 11], reported a combined fund balance of $10,060,921 [page 11] compared to $6,638,952 in FY18. This represents an increase of $3,421,969 [page 13]. Approximately 55% ($5,577,306 / $10,060,921) of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted or committed as further explained in the notes to the financial statements which begin on page 19.

The General Fund is the chief operating fund of the City. At the end of the current period, the unassigned fund balance of the General Fund totaled $5,577,306 while the total fund balance was $5,597,149. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures [page 13]. Unassigned fund balance represents 160% ($5,577,306 / $3,485,343) of total FY19 General Fund expenditures.

Revenues for the City's General Fund were $7,169,193 [page 13], while total expenditures were $3,485,343[page 13]. The General Fund had a net increase in fund balance of $3,076,550 largely due to a $1,998,858 increase in permit revenues.

Revenues for the City's proprietary fund were $7,380,867, while total expenses were $2,624,989. After including transfers out, total Water and Sewer Fund net position increased by $4,755,878. The decrease in net position for the prior year (2018) was ($149,494).The current year increase was largely due to capital contributions from developers.

Other Analysis of the City's Funds

Budget versus Actual for the General Fund:

For the required supplemental information of budget versus actual report shown on page 44, the statement reflects a positive budget variance of $309,277. One contributing factor was that actual sales tax revenue was $469,089 more than the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2019 is $33,217,653, compared to $25,707,397 at September 30, 2018. This is a net increase in capital assets of $7,510,258 and mostly attributable to street and drainage improvements and additions to water system infrastructure.

Long-term Debt

At September 30, 2019, the City had total bonded debt and contractual obligations outstanding of $8,187,000. This is a decrease of $590,000 from the prior year. Principal payments on bonds and contractual obligations totaled $590,000 and all payments were made when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2019-2020 budgets reflect the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effect programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting.

Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are expected to increase by 7.99% and sales taxes are budgeted 11% over the budget for 2018-2019. The increase in sales tax is due to the increase in residential construction in Haslet. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations. New home construction starts will continue to add to the sales tax revenue in 2019-20. The City will also see increases in other revenues related to development in the city such as permits and inspection fees.

Each year, a major objective of the budget process is to focus on identifying cost-savings measures and to cut expenses however possible. Every request is reviewed with the City Administrator and Finance Director. The non-recurring requests are transferred to a Capital Projects Fund, which is funded by General Fund excess revenues over expenditures at year-end. Operating expenditures in the General Fund are expected to increase approximately 11.96% over the 2018-2019 adopted budgets. A four percent merit increase is proposed for City employees and additional personnel were authorized for the fire, public works and city secretary departments.

The Water/Wastewater Fund budget anticipates an increase in expenditures of approximately 19.28%. This is due primarily to the expected increase in water purchases and sewer treatment expenses. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. A water and sewer rate increase of 15% is proposed in the 2019-20 budgets.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

BASIC FINANCIAL STATEMENTS

City of Haslet, Texas
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Unit - CEDC Type B
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	$ 10,086,635	$ 1,247,811	$ 11,334,446	$ 3,271,860
Receivables (net of allowances):				
Taxes	291,086	-	291,086	-
Court	237,930	-	237,930	-
Accounts	-	455,763	455,763	-
Miscellaneous	7,973	-	7,973	-
Intergovernmental	914,428	536	914,964	355,271
Inventories	-	20,297	20,297	959,789
Prepaid items	19,843	-	19,843	-
Restricted assets:				
Cash and cash equivalents	-	972,646	972,646	-
Capital assets (net of acc. depreciation)				
Non-depreciable	4,726,218	549,112	5,275,330	-
Net depreciable capital assets	12,874,788	15,067,535	27,942,323	-
Total Assets	29,158,901	18,313,700	47,472,601	4,586,920
Deferred Outflows of Resources				
Deferred OPEB balances	1,726	889	2,615	-
Deferred pension balances	198,002	42,192	240,194	4,652
Deferred charges on refunding	150,246		150,246	
Total Deferred Outflows of Resources	349,974	43,081	393,055	4,652
Liabilities				
Current liabilities:				
Accounts payable	524,274	58,909	583,183	1,147
Accrued liabilities	612,478	36,599	649,077	855
Due to other governments	220,038	-	220,038	-
Customer deposits	-	128,026	128,026	2,250
Interest payable	2,118	-	2,118	-
Noncurrent liabilities:				
OPEB liability	33,102	7,159	40,261	-
Net Pension liability	83,436	17,779	101,215	1,960
Due within one year	223,556	278,764	502,320	-
Due in more than one year	3,310,430	4,835,248	8,145,678	-
Total Liabilities	5,009,432	5,362,484	10,371,916	6,212
Deferred Inflows of Resources				
Unearned revenue	14,700	-	14,700	-
Deferred charges on refunding	-	28,127	28,127	-
Deferred pension balances	25,049	5,338	30,387	589
Deferred OPEB balances	607	-	607	-
Total Deferred Inflows of Resources	40,356	33,465	73,821	589
Net Position				
Net investment in Capital Assets	13,987,608	10,540,472	24,528,080	-
Restricted for:				
Capital Projects	3,171,988	-	3,171,988	-
Streets	551,317	-	551,317	-
Debt Service	213,676	-	213,676	-
Court	43,216	-	43,216	-
Unrestricted	6,491,282	2,420,360	8,911,642	4,584,771
Total Net Position	$ 24,459,087	$ 12,960,832	$ 37,419,919	$ 4,584,771

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit CEDC (Type B)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	$ 571,095	$ 2,720,617	$ 820	$ -	$ 2,150,342		$ 2,150,342	
Streets and parks	1,093,289	119,000	-	3,077,476	2,103,187		2,103,187	
Court	189,821	294,333	-	-	104,512		104,512	
Library	304,403	-	6,689	-	(297,714)		(297,714)	
Public Safety	1,449,330	114,125	-	-	(1,335,205)		(1,335,205)	
Finance and planning	485,564	-	-	-	(485,564)		(485,564)	
Economic development	343,976	-	155,000	-	(188,976)		(188,976)	
Public works	369,951	-	-	-	(369,951)		(369,951)	
Non-departmental	180,124	-	-	-	(180,124)		(180,124)	
Interest and charges on long-term debt	103,639	-	-	-	(103,639)		(103,639)	
Total governmental activities	5,091,191	3,248,075	162,509	3,077,476	1,396,869		1,396,869	
Business-type activities:								
Water and Sewer	2,624,989	3,367,477	35,000	4,142,918	-	$ 4,920,406	4,920,406	
Total Business-type Activities	2,624,989	3,367,477	35,000	4,142,918	-	4,920,406	4,920,406	
Total primary government	7,716,180	6,615,552	197,509	7,220,394	1,396,869	4,920,406	6,317,275	
Component unit:								
Community & Economic Development Corporation	298,476	-	-	-				$ (298,476)
Total component unit	$ 298,476	$ -	$ -	$ -				(298,476)
		General Revenues and Transfers:						
		Property taxes			2,118,563	-	2,118,563	-
		Sales taxes			2,931,335	-	2,931,335	976,065
		Franchise taxes			235,090	-	235,090	-
		Unrestricted investment earnings			185,607	42,828	228,435	62,456
		Other revenue			202,527	39,002	241,529	44,520
		Transfers in (out)			246,358	(246,358)	-	-
		Total General Revenues and Transfers			5,919,480	(164,528)	5,754,952	1,083,041
		Change in Net Position			7,316,349	4,755,878	12,072,228	784,565
		Net Position - Beginning			17,142,738	8,204,954	25,347,692	3,800,206
		Net Position - Ending			$ 24,459,087	$ 12,960,832	$ 37,419,919	$ 4,584,771

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General Fund	EDC (Type A)	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 5,797,118	$ 2,996,280	$ 71,975	$ 1,221,262	$ 10,086,635
Receivables: (net)					
Taxes	93,382	-	-	197,704	291,086
Court	237,930	-	-	-	237,930
Other	7,973	-	-	-	7,973
Intergovernmental	736,792	177,636	-	-	914,428
Inventories	-	-	-	-	-
Prepaid items	19,843	-	-	-	19,843
Total Assets	$ 6,893,038	$ 3,173,916	$ 71,975	$ 1,418,966	$ 11,557,895
Liabilities					
Accounts payable	$ 342,990	$ 1,168	$ 14,457	$ 165,120	$ 523,735
Accrued liabilities	611,718	760	-	-	612,478
Due to other governments	220,038	-	-	-	220,038
Total Liabilities	1,174,746	1,928	14,457	165,120	1,356,251
Deferred Inflows of Resources					
Unearned revenue due to property tax and other	121,143	-	-	19,580	140,723
Total Deferred Inflows of Resources	121,143	-	-	19,580	140,723
Fund Balances					
Nonspendable	19,843	-	-	-	19,843
Restricted	-	3,171,988	-	808,209	3,980,197
Committed	-	-	57,518	426,057	483,575
Unassigned	5,577,306	-	-	-	5,577,306
Total Fund Balances	5,597,149	3,171,988	57,518	1,234,266	10,060,921
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,893,038	$ 3,173,916	$ 71,975	$ 1,418,966	$ 11,557,895

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balances - governmental funds balance sheet	$	10,060,921
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		17,600,466
Property taxes receivable and court fines unavailable to pay for current period expenditures are deferred in the funds.		126,023
Payables for bond and certificates of obligation principal, which are not due in the current period, are not reported in the funds.		(3,292,000)
Payables for bond interest, which are not due in the current period, are not reported in the funds.		(2,118)
Payables for compensated absences, which are not due in the current period, are not reported in the funds.		(70,834)
Deferred bond refunding losses are not reported in the funds.		150,246
The City's proportionate share of the OPEB liability and net pension liability are not reported in the funds.		(116,538)
Deferred resource inflows related to the pension plan are not reported in the funds.		(25,049)
Deferred resource outflows related to the OPEB plan are not reported in the funds.		199,121
Unamortized bond premiums/discounts are not recognized in the funds.		(171,151)
Net Position of Governmental Activities	$	24,459,087

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General Fund	EDC (Type A)	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Sales taxes	$ 1,955,269	$ 488,032	$ -	$ 488,034	$ 2,931,335
Property taxes, penalties, and interest	1,622,710	-	-	449,369	2,072,079
Franchise taxes	235,090	-	-	-	235,090
Licenses and permits	2,720,617	-	-	-	2,720,617
Fines	266,358	-	-	13,245	279,603
Interest	97,913	64,513	1,297	21,884	185,607
Other	131,214	-		46,234	177,448
Contributions	820	-	-	161,689	162,509
Park development fees	-	-	-	119,000	119,000
Fire protection	114,125	-	-	-	114,125
Gas royalties	25,077	-	-	-	25,077
Total Revenues	7,169,193	552,545	1,297	1,299,455	9,022,490
Expenditures					
Current:					
Public safety	676,033	-	-	-	676,033
Fire	470,030	-	-	-	470,030
Parks	254,504	-	-	102,631	357,135
Economic development	66,732	277,244	-	-	343,976
Public works	334,862	-	-	-	334,862
Administration	308,045	-	-	-	308,045
Planning	307,872	-	-	-	307,872
Library	295,836	-	-	8,567	304,403
Court	176,931	-	-	12,890	189,821
Non-departmental	142,707	-	37,417	-	180,124
Finance	177,692	-	-	-	177,692
City secretary	165,401	-	-	-	165,401
Streets	108,698	-	-	34,128	142,826
Capital outlays	-	-	738,444	709,458	1,447,902
Debt service:					
Principal	-	-	-	335,000	335,000
Interest	-	-	-	105,757	105,757
Total Expenditures	3,485,343	277,244	775,861	1,308,431	5,846,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,683,850	275,301	(774,564)	(8,976)	3,175,611
Other Financing Sources (Uses)					
Transfers in	6,890	-	549,932	500,616	1,057,438
Transfers out	(614,190)	(196,890)	-	-	(811,080)
Total Other Financing Sources (Uses)	(607,300)	(196,890)	549,932	500,616	246,358
Net Change in Fund Balances	3,076,550	78,411	(224,632)	491,640	3,421,969
Fund Balances, October 1	2,520,599	3,093,577	282,150	742,626	6,638,952
Fund Balances, September 30	$ 5,597,149	$ 3,171,988	$ 57,518	$ 1,234,266	$ 10,060,921

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds	$	3,421,969
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		1,447,902
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,000,759)
Certain property tax and court revenues are deferred in the funds. This is the change in these amounts.		61,214
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		335,000
(Increase) decrease in accrued interest from beginning of period to end of period.		2,119
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(12,176)
Capital contributions are not reported in the funds but are in the SOA.		3,077,476
Pension and OPEB expenses relating to GASB 68/75 are recorded in the SOA but not in the funds.		(9,492)
Various other reclassifications and eliminations to convert from the modified accrual bias of account to the accrual basis of accounting.		(6,904)
Change in Net Position of Governmental Activities	$	7,316,349

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2019

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and investments	$ 1,247,811
Receivables (net of allowances for uncollectible):	
Accounts	455,763
Intergovernmental	536
Inventories	20,297
Total Current Assets	1,724,407
Noncurrent Assets:	
Restricted cash and cash equivalents	972,646
Capital assets:	
Non-depreciable	549,112
Net depreciable capital assets	15,067,535
Total Noncurrent Assets	16,589,293
Total Assets	18,313,700
Deferred Outflows of Resources	
Deferred pension balances	42,192
Deferred OPEB balances	889
Total Deferred Outflows of Resources	43,081
Liabilities	
Current Liabilities:	
Accounts payable	58,909
Accrued liabilities	36,599
Customer deposits	128,026
Current portions of long-term debt	278,764
Total Current Liabilities	502,298
Noncurrent Liabilities:	
Bonds and certificates of obligation payable (net)	4,835,248
Net Pension liability	17,779
OPEB liability	7,159
Total Noncurrent Liabilities	4,860,186
Total Liabilities	5,362,484
Deferred Inflows of Resources	
Deferred charges on refunding	28,127
Deferred pension balances	5,338
Total Deferred Inflows of Resources	33,465
Net Position	
Net invested in capital assets	10,540,472
Unrestricted	2,420,360
Total Net Position	$ 12,960,832

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

For the Year Ended September 30, 2019

	Water & Sewer Fund
Operating Revenues	
Water service	$ 1,751,052
Sewer service	364,221
Tap connection fees	71,727
Penalties and interest	13,834
Garbage franchise tax	119,024
Total Operating Revenues	2,319,858
Operating Expenses	
Administration	213,768
Operating	1,699,960
Shared public works expense	128,686
Depreciation	440,701
Total Operating Expenses	2,483,115
Operating Income (Loss)	(163,257)
Nonoperating Revenues (Expenses)	
Interest income	42,828
Miscellaneous income	39,002
Interest expense	(141,874)
Water and sewer impact fees	1,047,619
Contributions	35,000
Capital contributions	4,142,918
Total Nonoperating Revenues (Expenses)	5,165,493
Income (Loss) Before Transfers	5,002,236
Transfers (out)	(281,358)
Transfers in	35,000
Total Transfers	(246,358)
Change in Net Position	4,755,878
Net Position - Beginning	8,204,954
Net Position - Ending	$ 12,960,832

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2019

	Water & Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 2,146,693
Cash Payments to Suppliers for Goods and Services	(1,971,509)
Cash Payments to Employees for Services	(217,044)
Net Cash Provided (Used) by Operating Activities	(41,860)
Cash Flows from Non-capital and Related Financing Activities:	
Contributions and Other Non-Operating	1,121,621
Transfers to Other Funds	(281,358)
Transfers from Other Funds	35,000
Net Cash Provided (Used) for Capital & Related Financing Activities	875,263
Cash Flows from Capital and Related Financing Activities	
Principal and Interest Paid	(414,371)
Acquisition or Construction of Capital Assets	(290,335)
Net Cash Provided (Used) by Non-capital and Related Financing Activities	(704,706)
Cash Flows from Investing Activities:	
Interest on Investments	42,828
Net Cash Provided (Used) for Investing Activities	42,828
Net Increase (decrease) in Cash and Cash Equivalents	171,525
Cash and Cash Equivalents at Beginning of Year	
Unrestricted Cash and Investments	948,850
Restricted Cash	1,100,082
	2,048,932
Cash and Cash Equivalents at End of Year	
Unrestricted Cash and Investments	1,247,811
Restricted Cash	972,646
	2,220,457
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(163,257)
Depreciation and Amortization	440,701
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(173,940)
Decrease (Increase) in Inventories	(843)
Decrease (Increase) in Deferred Outflows of Resources	(23,654)
Decrease (Increase) in Net Pension Asset/Liability	40,073
Increase (Decrease) in Accounts Payable	(178,508)
Increase (Decrease) in Deferred Inflows of Resources	(15,565)
Increase (Decrease) in Accrued Liabilities	(2,512)
Increase (Decrease) Customer Deposits	35,645
Total Adjustments	121,397
Net Cash Provided (Used) by Operating Activities	$ (41,860)
Noncash Investing, Capital, and Financing Activities:	
Contributions of Capital Assets	$ 4,142,918

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)
September 30, 2019

	PID #2	PID #3	PID #4	PID #5	PID #6	Total Agency Funds
Assets						
Restricted cash and cash equivalents	$ 1,711	$ 12,615	$ 13,576	$ 2,561,745	$ 3,722	$ 2,593,369
Total Assets	$ 1,711	$ 12,615	$ 13,576	$ 2,561,745	$ 3,722	$ 2,593,369
Liabilities						
Liabilities to developers and bondholders	$ 1,711	$ 12,615	$ 13,576	$ 2,561,745	$ 3,722	$ 2,593,369
Total Liabilities	$ 1,711	$ 12,615	$ 13,576	$ 2,561,745	$ 3,722	$ 2,593,369

The accompanying notes are an integral part of this statement.

I. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet, Texas (the City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28; Texas revised civil statutes of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (CEDC) (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type B benefit parties external to the City. Type B may not issue debt without approval of the City Council.

The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net position of Type B. Type B does not issue separate financial statements.

C. Basis of Presentation – Government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> Haslet Economic Development Corporation Fund (Type A) – accounts for use of sales tax revenue for business incentives.
>
> Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

> The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

The City reports the following Fiduciary Funds:

> The City acts as an agent for the Public Improvement Districts (PID). There are 6 PID Agency Funds that account for special assessments and bond proceeds, as applicable, for PID #2 through #7.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. This fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Budgetary Information, Budget Procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the Capital Projects Fund. The Capital Projects and CO Capital Projects Funds adopt project length budgets.

2. Between sixty and ninety days prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.

4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

5. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar ($1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortize cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectibles.

3. Property taxes

The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources is reported for deferred pension and OPEB expenses which are amortized over future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from several sources, including, property taxes, court fines, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources is also reported for deferred pension and OPEB inflows which are amortized over future periods.

The government reports deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated absences

Vacation
It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Sick Leave
Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. Liabilities for compensated absences are liquidated by the General Fund.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balances category include amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balances are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the City Council.

Unassigned fund balances are the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classifications is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

12. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

J. Pension and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the City's financial institution cash deposits was $15,578,952 and the bank balance was $15,764,079. All of the bank balance was secured by federal deposit insurance and collateral (fair value of $6,009,006) pledged by the depository in the City's name and held by the depository's agent. The City also had $1,300 of cash on hand at September 30, 2019.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2019.

	Carrying Amount	Fair Value	Rating Standard & Poors	Weighted Average Maturity
Primary Government				
Cash	$ 5,365,673			
Restricted cash	140,200			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	5,968,773	$5,968,773	AAAm	45 days
Restricted government sponsored investment pool (TexPool)	832,446	$ 832,446	AAAm	45 days
	$ 12,307,092			
Discrete Component Unit - CEDC Type B				
Cash	$ -			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	3,271,860	$3,271,860	AAAm	45 days
	$ 3,271,860			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

B. Receivables

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities					
	General	EDC Type A	Nonmajor Governmental Funds	Total	Business-Type Activities	Component Unit CEDC Type B
Taxes	$ 93,382	$ -	$ 197,704	$ 291,086	$ -	$ -
Court	310,207	-	-	310,207	-	-
Other	7,973	-	-	7,973	464,279	-
Intergovernmental	736,792	177,636	-	914,428	536	355,271
Allowance	(72,277)	-	-	(72,277)	(8,516)	-
	$1,076,077	$ 177,636	$ 197,704	$1,451,417	$456,299	$ 355,271

Deferred Revenue/Unearned Revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental activities report unearned revenue. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	Deferred	Unearned
Major Funds		
Delinquent property taxes receivable (General Fund)	$ 88,551	$ -
Deferred fine revenue (General Fund)	17,892	-
Other (General Fund)	14,700	14,700
Nonmajor Funds		
Delinquent property taxes receivable ('99 Interest & Sinking Fund)	19,030	-
Total deferred/unearned revenue for governmental funds/activities	$ 140,173	$ 14,700

C. Capital Assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals $2,000 or more for assets acquired by governmental funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

Capital asset activity for the primary government for the year ended September 30, 2019:

Governmental Activities:	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 2,133,630	$ 73,422	$ (7,660)	$ 2,199,392
Construction in progress	1,817,162	709,664	-	2,526,826
Total capital assets not being depreciated	3,950,792	783,086	(7,660)	4,726,218
Capital assets, being depreciated				
Buildings	3,548,616	136,081	-	3,684,697
Furniture, fixtures, tools, and equipment	724,462	130,425	-	854,887
Vehicles	2,901,953	-	-	2,901,953
Improvements other than buildings	1,403,190	-	-	1,403,190
Street and drainage improvements	12,505,600	3,475,991	-	15,981,591
Total capital assets being depreciated	21,083,821	3,742,497	-	24,826,318
Less accumulated depreciation	10,950,771	1,000,759	-	11,951,530
Total accumulated depreciation	10,950,771	1,000,759	-	11,951,530
Net capital assets being depreciated	10,133,050	2,741,738	-	12,874,788
Total Capital Assets	$14,083,842	$ 3,524,824	$ (7,660)	$ 17,601,006

Business-Type Activities	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 20,142	$ -	$ -	$ 20,142
Construction in progress	871,646	200,688	(543,364)	528,970
Total capital assets not being depreciated	891,788	200,688	(543,364)	549,112
Capital assets, being depreciated				
Buildings and improvements	7,142	-	-	7,142
Equipment	374,480	32,346	-	406,826
Water and sewer system infrastructure	14,084,522	4,200,218	543,364	18,828,104
Total capital assets being depreciated	14,466,144	4,232,564	543,364	19,242,072
Less accumulated depreciation	3,733,836	440,701	-	4,174,537
Total accumulated depreciation	3,733,836	440,701	-	4,174,537
Net capital assets being depreciated	10,732,308	3,791,863	543,364	15,067,535
Total Capital Assets	$11,624,096	$ 3,992,551	$ -	$ 15,616,647

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	$ 79,927
Fire	297,841
Streets	519,388
Parks and recreation	68,514
Public works	35,089
Total Governmental Activities Depreciation Expense	$ 1,000,759

D. Interfund Transfers

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

	Transfer out:			
Transfer in:	General	Water & Sewer	EDC Type A	Total
General Fund	$ -	$ -	$ 6,890	$ 6,890
Capital Projects	549,932	-	-	549,932
Nonmajor	64,258	281,358	155,000	500,616
Water and Sewer	-	-	35,000	35,000
	$ 614,190	$ 281,358	$ 196,890	$ 1,092,438

E. Long-term Debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

Governmental Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2019
General Obligation Bonds	$2,335,000	2016	2032	2-4%	1,650,000
Certificate of Obligations	$1,192,000	2017	2031	2.02%	$ 979,000
Certificate of Obligations	$ 750,000	2018	2031	2.51%	663,000
Total Governmental Activities Debt Issuances:					$3,292,000

Business-Type Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2019
Certificates of Obligations	$4,155,000	2015	2035	2.2-3%	$3,790,000
General Obligation Bonds	$1,560,000	2016	2032	2-4%	1,105,000
Total Business-Type Activities Debt Issuances:					$4,895,000

The annual requirements to amortize governmental activities debt issues outstanding at September 30, 2019 are as follows:

Year	Principal	Interest	Total
2020	$ 222,000	$ 95,637	$ 317,637
2021	229,000	89,906	318,906
2022	232,000	83,981	315,981
2023	239,000	77,990	316,990
2024	247,000	71,804	318,804
2025-2029	1,321,000	252,945	1,573,945
2030-2032	802,000	50,594	852,594
Total	$ 3,292,000	$ 722,858	$ 4,014,858

The annual requirements to amortize business-type activities debt issues outstanding at September 30, 2019 are as follows:

Year	Principal	Interest	Total
2020	$ 260,000	$ 150,055	$ 410,055
2021	270,000	142,255	412,255
2022	275,000	134,155	409,155
2023	285,000	125,905	410,905
2024	295,000	117,355	412,355
2025-2029	1,585,000	453,215	2,038,215
2030-2034	1,635,000	190,600	1,825,600
2035-2039	290,000	8,700	298,700
Total	$ 4,895,000	$ 1,322,240	$ 6,217,240

During the year ended September 30, 2019, the following changes occurred in liabilities reported as governmental and business-type:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Certificates of obligation	$ 1,757,000	$ -	$ (115,000)	$ 1,642,000	$ 117,000
General obligation bonds	1,870,000	-	(220,000)	1,650,000	105,000
	3,627,000	-	(335,000)	3,292,000	222,000
Bond premium	198,879	-	(13,722)	185,157	13,722
Bond discount	(15,043)	-	1,038	(14,005)	(1,037)
Deferred charges on refunding	(161,375)	-	11,129	(150,246)	(11,129)
OPEB liability	30,257	-	-	30,257	-
Net pension liability	-	83,436	-	83,436	-
Accrued compensated absences	58,658	12,176	-	70,834	70,834
Total Governmental Activities	$ 3,738,376	$ 95,612	$ (336,555)	$ 3,497,433	$ 294,390

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Certificates of obligation	$ 3,900,000	$ -	$ (110,000)	$ 3,790,000	$ 190,000
General obligation bonds	1,250,000	-	(145,000)	1,105,000	70,000
	5,150,000	-	(255,000)	4,895,000	260,000
Bond premium	233,949	-	(15,290)	218,659	15,290
Bond discount	(10,050)	-	693	(9,357)	(693)
Deferred charges on refunding	30,210	-	(2,083)	28,127	4,167
OPEB liability	7,159	-	-	7,159	-
Net pension liability	-	17,779	-	17,779	-
Accrued compensated absences	10,527	-	(817)	9,710	9,710
Total Business-Type Activities:	$ 5,421,795	$ 17,779	$ (272,497)	$ 5,167,077	$ 288,474

III. RETIREMENT COMMITMENTS

Texas Municipal Retirement Systems

A. Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state of statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	24
Active employees	25
Total	55

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.59% and 8.79% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $135,187.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year incl. inflation
Investment rate of return	6.75% net of pension plan investment Expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production on income, in order to satisfy the short-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Pet Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 2,540,128	$ 2,669,505	$ (129,377)
Changes for the year:			
Service Cost	232,704	-	232,704
Interest	178,316	-	178,316
Difference between expected and actual experience	(32,005)	-	(32,005)
Changes of assumptions	-	-	-
Contributions - employer	-	125,816	(125,816)
Contributions - employee	-	102,384	(102,384)
Net Investment income	-	(80,112)	80,112
Benefit payments, including refunds of emp. contributions	(29,514)	(29,514)	-
Administration expense	-	(1,545)	1,545
Other changes	-	(81)	81
Net Changes	349,501	116,948	232,553
Balance at 12/31/2018	$ 2,889,629	$ 2,786,453	$ 103,176

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$540,640	$103,176	($254,306)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of $140,107. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and investment earnings	$ 138,584	$ -
Difference in changes of assumptions	1,706	-
Difference between expected and actual economic experience	-	30,976
Contributions subsequent to the measurement date	104,556	-
Total	$ 244,846	$ 30,976

$104,556 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	
2020	$ 33,020
2021	11,481
2022	14,352
2023	50,461
2024	-
Thereafter	-
	$ 109,314

Other Post-Employment Benefits (OPEB) Plan

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit ("OPEB") and is a fixed amount of $7,500. At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	6
Active employees	25
Total	34

C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Contribution rates to the SDBF for the City were 0.16% and 0.18% for calendar years 2018 and 2019, respectively. The City's contributions to the SDBF for the year ended September 30, 2019 were $2,518, and were equal to the required contributions.

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5%, including inflation
Discount rate	3.71%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.71% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	$ 37,416
Changes for the year:	
Service cost	4,388
Interest on Total OPEB Liability	1,309
Change of benefit terms	-
Difference between expected and actual experience	788
Changes of assumptions or other inputs	(3,494)
Benefit payments	(146)
Administrative expense	-
Other changes	-
Net changes	$ 2,845
Balance at 12/31/2018	$ 40,261

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
$49,850	$40,261	$33,112

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of $5,801. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in changes of assumptions	$ -	$ 607
Differences between expected and actual experience	668	-
Contributions made subsequent to measurement date	1,947	-
	$ 2,615	$ 607

The $1,947 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net deferred outflows (inflows) of resources
2020	$ 104
2021	104
2022	104
2023	104
2024	(115)
Thereafter	(240)
Total	$ 61

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Tax Abatement Disclosures

The City has entered into agreements with Amazon.com kydc, LLC (Amazon) and Airborne Tactical Advantage Company, LLC (Airborne) under Chapter 380 of the Texas Local Government Code and as codified in Chapter 312 of the Texas Tax Code.

Under the terms of the twenty-five year property and sales tax abatement agreement with Amazon, the City will make annual grant payments to Amazon equal to the sum of the sales tax grant and the property tax grant. These grant amounts range from 33% to 75% of the Sales Tax and Property Grant Base amounts as defined by the Agreement. The City abated $517,773 of Amazon taxes for fiscal year 2019.

If certain improvements conditions are met, under the terms of the ten year property tax abatement agreement with Airborne, the City will abate 50% of tax payments due from Airborne as defined by the Agreement. The City abated $0 of Airborne taxes for fiscal year 2019.

C. Public Improvement District Disclosures

On May 18, 2015, the City Council passed Resolution No. 012-2015 approving and authorizing the creation of PID No. 2 for The Heights Development (PID #2) in accordance with Chapter 372 of the Texas Tax Code. PID #2 consists of approximately 154.977 acres in the J.M. Goodwin Survey A-611, in the corporate limits of the City of Haslet, Tarrant County that was created to finance certain public improvement projects for the benefit of the property in PID #2. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. Subsequent to year-end on January 13, 2020, the City dissolved PID #2 subject to the creation of a new public improvement district to be known as Haslet Public Improvement District No. 7 for the Watercress Development. See more information below.

On June 6, 2016, the City Council passed Resolution No. 006-2016 approving and authorizing the creation of PID No. 3 for The North Glen Development (PID #3) in accordance with Chapter 372 of the Texas Tax Code. PID #3 consists of approximately 192.820 acres of land generally located on the south side of Blue Mound Road and west of FM 156, being a part of the James Rightly Survey, Abstract No. 1268, and the Henry Robertson Survey, Abstract No. 1259, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #3. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On October 17, 2016, the City Council passed Resolution No. 019-2016 approving and authorizing the creation of PID No. 4 for The Regal Ridge Development (PID #4) in accordance with Chapter 372 of the Texas Tax Code. PID #4 consists of approximately 63.559 acres of land generally located south of Blue Mound Road and east of FM 156 in the City of Haslet, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #4. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On February 21, 2017, the City Council passed Resolution No. 007-2017 approving and authorizing the creation of PID No. 5 for The Le Tara Ridge Development (PID #5) in accordance with Chapter 372 of the Texas Tax Code. PID #5 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #5.

On August 1, 2019, City Council approved ordinance 021-2019 authorizing the issuance of the City of Haslet Texas Special Revenue Bonds series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) in the original principal amount of $6,070,000. These bonds were authorized in order to finance the projects benefiting the PID #5 including certain roadway, water, wastewater and drainage improvements. Proceeds of the bonds were deposited into trust accounts with Wilmington Trust, N.A. for the purpose of funding improvements in the projects described above. Wilmington Trust serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time to time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessments tax collections and forwarding them to the

Trustee to forward to the bondholders. These collections have begun. Assessment collections for these Special Assessment Revenue Bonds are on time and complete at year-end.

The total bond principal outstanding for the Haslet Texas Special Revenue Bonds series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) is $6,070,000 at September 30, 2019.

On February 6, 2017, the City Council passed Resolution No. 005-2017 approving and authorizing the creation of PID No. 6 for The Caraway Development (PID #6) in accordance with Chapter 372 of the Texas Tax Code. PID #6 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #5. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

Subsequent to year-end on January 13, 2020, the City Council passed Resolution No. 001-2020 approving and authorizing the creation of PID No. 7 for The Watercress Development (PID #7) in accordance with Chapter 372 of the Texas Tax Code. PID #7 consists of approximately 154.977 acres of land located entirely within the corporate boundaries of the City of Haslet, Tarrant County, Texas and generally located south of Blue Mound Road, west of Harmon Road, east of FM 156 (Haslet County Line Road), and north of Bayne Road that was created to finance certain public improvement projects for the benefit of the property in PID #7. The City will act as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have not yet begun.

D. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2019 up through the date of the auditor's report date. This is the date the financial statements were available for issuance. There are no subsequent events requiring disclosure, except as noted in Note IV. C. above for the dissolution of PID #2 and the formation of PID #7.

REQUIRED SUPPLEMENTARY INFORMATION

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
GENERAL FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Licenses and permits	$ 494,300	$ 2,698,575	$ 2,720,617	$ 22,042
Sales tax	876,400	1,486,180	1,955,269	469,089
Property tax, penalties, and interest	1,794,265	1,799,265	1,622,710	(176,555)
Fines	284,500	284,500	266,358	(18,142)
Franchise Tax	268,500	257,266	235,090	(22,176)
Miscellaneous	50,080	94,280	131,214	36,934
Fire Protection	114,000	114,000	114,125	125
Interest	38,000	97,000	97,913	913
Gas royalties	35,000	28,000	25,077	(2,923)
Contributions	100	850	820	(30)
Total Revenues	3,955,145	6,859,916	7,169,193	309,277
Expenditures				
Current:				
Public safety	676,911	676,911	676,033	878
Fire	488,512	488,512	470,030	18,482
Public works	351,778	351,778	334,862	16,916
Administration	261,018	269,198	308,045	(38,847)
Planning	308,817	317,917	307,872	10,045
Library	310,682	310,682	295,836	14,846
Parks	218,375	226,875	254,504	(27,629)
Finance	179,450	179,450	177,692	1,758
Court	162,345	162,435	176,931	(14,496)
City secretary	165,090	168,350	165,401	2,949
Non-departmental	134,683	148,398	142,707	5,691
Streets	118,900	118,900	108,698	10,202
Economic development	68,354	68,354	66,732	1,622
Total Expenditures	3,444,915	3,487,760	3,485,343	2,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	510,230	3,372,156	3,683,850	311,694
Other Financing Sources (Uses)				
Transfers in	-	-	6,890	-
Transfers out	(524,076)	(611,204)	(614,190)	(2,986)
Total Other Financing Sources (Uses)	(524,076)	(611,204)	(607,300)	(2,986)
Net Change in Fund Balances	(13,846)	2,760,952	3,076,550	308,708
Fund Balances, October 1	2,520,599	2,520,599	2,520,599	
Fund Balances, September 30	$ 2,506,753	$ 5,281,551	$ 5,597,149	

CITY OF HASLET

SCHEDULE OF CHANGES IN
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Measured Years

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	$ 232,704	$ 210,594	$ 200,128	$ 152,689	$ 127,691
Interest (on the Total Pension Liability)	178,316	154,325	135,844	120,684	120,806
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(32,005)	12,576	(36,328)	(24,699)	(209,303)
Change of assumptions	-	-	-	44,306	-
Benefit payments, including refunds of employee contributions	(29,514)	(36,728)	(25,460)	(31,038)	(75,829)
Net Change in Total Pension Liability	349,501	340,767	274,184	261,942	(36,635)
Total Pension Liability - Beginning	2,540,128	2,199,361	1,925,177	1,663,235	1,699,870
Total Pension Liability - Ending (a)	$ 2,889,629	$ 2,540,128	$ 2,199,361	$ 1,925,177	$ 1,663,235
Plan Fiduciary Net Position					
Contributions - Employer	125,816	117,399	102,768	95,444	69,789
Contributions - Employee	102,384	93,419	88,051	69,090	58,157
Net Investment Income	(80,112)	304,266	128,549	2,606	92,819
Benefit payments, including refunds of employee contributions	(29,514)	(36,728)	(25,460)	(31,038)	(75,829)
Administrative Expense	(1,545)	(1,575)	(1,451)	(1,587)	(969)
Other	(81)	(81)	(78)	(78)	(80)
Net Change in Plan Fiduciary Net Position	116,948	476,700	292,379	134,437	143,887
Plan Fiduciary Net Position - Beginning	2,669,505	2,192,805	1,900,426	1,765,989	1,622,102
Plan Fiduciary Net Position - Ending (b)	$ 2,786,453	$ 2,669,505	$ 2,192,805	$ 1,900,426	$ 1,765,989
Net Pension Liability - Enging (a) - (b)	$ 103,176	$ (129,377)	$ 6,556	$ 24,751	$ (102,754)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.43%	105.09%	99.70%	98.71%	106.18%
Covered Payroll	1,462,624	1,334,560	1,257,874	987,000	830,821
Net Pension Liability as a Percentage of Covered Payroll	7.05%	-9.69%	0.52%	2.51%	-12.37%

NOTES TO SCHEDULE:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

CITY OF HASLET

SCHEDULE OF CONTRIBUTIONS TO PENISION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 135,187	$ 124,490	$ 115,524	$ 105,969	$ 84,476
Contributions in relation to the actuarially determined contribution	135,187	124,490	115,524	105,969	84,476
Covered payroll	$ 1,542,546	$ 1,439,743	$ 1,310,657	$ 1,243,086	$ 923,673
Contributions as a percentage of covered payroll	8.76%	8.65%	8.81%	8.52%	9.15%

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market, market value recognition method, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investments expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	
Notes	There were no benefit changes during the year

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

CITY OF HASLET

SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Measured Years

	2018	2017
Total OPEB liability		
Service Cost	$ 4,388	$ 3,470
Interest (on the Total OPEB Liability)	1,309	1,179
Changes of benefit terms	-	-
Differences between expected and actual experience	120	-
Changes in assumptions or other imputs	-	3,386
Benefit payments	(16)	(133)
Net Change in Total OPEB Liability	5,801	7,902
Total OPEB Liability - Beginning	37,416	29,514
Total OPEB Liability - Ending (a)	$ 43,217	$ 37,416
Covered Payroll	$ 1,462,624	$ 1,334,560
Total OPEB Liability as a Percentage of Covered Payroll	2.75%	2.80%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

CITY OF HASLET

SCHEDULE OF CONTRIBUTIONS TO OPEB PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

Last Ten Fiscal Years

	2019	2018
Actuarially Determined Contribution	$ 2,518	$ 2,306
Contributions in relation to the actuarially determined contribution	2,518	2,306
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 1,542,546	$ 1,439,743
Contributions as a percentage of covered payroll	0.16%	0.16%

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

Valuation Timing:

Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Discount Rate	3.71%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality:	
Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvments subject to the 3% floor.

Other Information:

Notes	There were no benefit changes during the year.

Note A: Budgetary Process

The official budget was prepared for adoption for the General Fund and the Economic Development Corporation (Type A). The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

d. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council.

e. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end.

f. All budget appropriations lapse at year end.

OTHER SUPPLEMENTARY INFORMATION

Combining Statements, Individual Nonmajor Funds, and Agency Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Board Fund – to account for contributions used for park improvements.
- Municipal Court Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- City Parks Improvements Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for Library improvement.
- Street Maintenance Sales Tax Fund – to account for use of sales tax collections for street maintenance.

Debt Service Fund

- General Obligation Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- C. O. Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

PID Agency Funds

- To account for the special assessments, bond proceeds, and related debt associated with the bonds issued by the City as an agent for the Public Improvement Districts (PID) #2 - #7.

City of Haslet, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Total Special Revenue Funds	General Obligation Debt Service Fund	C.O. Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 706,443	$ 212,788	$ 302,031	$ 1,221,262
Sales tax recievable	177,636	20,068	-	197,704
Total Assets	884,079	232,856	302,031	1,418,966
Liabilities				
Accounts payable	3,320	150	161,650	165,120
Total Liabilities	3,320	150	161,650	165,120
Deferred Inflows of Resources				
Deferred revenue	550	19,030	-	19,580
Total Deferred Inflows of Resources	550	19,030	-	19,580
Fund Balances				
Restricted	594,533	213,676	-	808,209
Committed	285,676	-	140,381	426,057
Total Fund Balances	880,209	213,676	140,381	1,234,266
Total Liabilities, Deferred Inflows, and Fund Balances	$ 884,079	$ 232,856	302,031	$ 1,418,966

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	Total Special Revenue Funds	General Obligation Debt Service Fund	C.O. Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Sales tax	$ 488,034	$ -	$ -	$ 488,034
Property tax, penalties, and interest	-	449,369	-	449,369
Contributions	6,689	-	155,000	161,689
Park development	119,000	-	-	119,000
Miscellaneous	46,234	-	-	46,234
Interest	9,380	9,039	3,465	21,884
Fines	13,245	-	-	13,245
Total Revenues	682,582	458,408	158,465	1,299,455
Expenditures				
Current:				
Parks	102,631	-	-	102,631
Streets	34,128	-	-	34,128
Court	12,890	-	-	12,890
Library	8,567	-	-	8,567
Capital outlay	-	-	709,458	709,458
Debt service				
Principal	-	335,000	-	335,000
Interest	-	105,757	-	105,757
Total Expenditures	158,216	440,757	709,458	1,308,431
Revenues Over Expenditures	524,366	17,651	(550,993)	(8,976)
Other Financing Sources (Uses)				
Transfers in (out)	64,258	-	436,358	500,616
Proceeds of bond issues	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Bond issue costs	-	-	-	-
Bond Premium	-	-	-	-
Bond discount	-	-	-	-
Total Other Financing (Uses)	64,258	-	436,358	500,616
Net Change in Fund Balances	588,624	17,651	(114,635)	491,640
Beginning fund balances	291,585	196,025	255,016	742,626
Ending Fund Balances	$ 880,209	$ 213,676	140,381	$ 1,234,266

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2019

	Park Board Fund	Municipal Court Security	Municipal Court Technology	City Parks Improvements	Library Board	Library Grant	Street Maintenance Sales Tax Fund	Total Special Revenue Funds
Assets								
Cash and investments	$ 61,085	$ 26,803	$ 16,413	$ 218,721	$ 7,777	$ 1,963	$ 373,681	$ 706,443
Receivables	-	-	-	-	-	-	177,636	177,636
Total Assets	61,085	26,803	16,413	218,721	7,777	1,963	551,317	884,079
Liabilities								
Accounts payable	3,082	-	-	-	238	-	-	3,320
Total Liabilities	3,082	-	-	-	238	-	-	3,320
Deferred Inflows of Resources								
Deferred revenue	550	-	-	-	-	-	-	550
Total Deferred Inflows of Resources	550	-	-	-	-	-	-	550
Fund Balances								
Restricted	-	26,803	16,413	-	-	-	551,317	594,533
Committed	57,453	-	-	218,721	7,539	1,963	-	285,676
Total Fund Balances	57,453	26,803	16,413	218,721	7,539	1,963	551,317	880,209
Total Liabilities, Deferred Inflows, and Fund Balances	$ 61,085	$ 26,803	16,413	$ 218,721	$ 7,777	$ 1,963	$ 551,317	884,079

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2019

	Park Board Fund	Municipal Court Security	Municipal Court Technology	City Parks Improvements	Library Board	Library Grant	Street Maintenance Sales Tax Fund	Total Special Revenue Funds
Revenues								
Sales tax	$ -	$ -	$ -	$ -	$ -	$ -	$ 488,034	$ 488,034
Park development fees	-	-	-	119,000	-	-	-	119,000
Miscellaneous	46,234	-	-	-	-	-	-	46,234
Fines	-	5,685	7,560	-	-	-	-	13,245
Interest	1,186	547	327	3,297	158	-	3,865	9,380
Contributions	-	-	-	-	-	6,689	-	6,689
Total Revenues	47,420	6,232	7,887	122,297	158	6,689	491,899	682,582
Expenditures								
Current:								
Parks	102,631	-	-	-	-	-	-	102,631
Streets	-	-	-	-	-	-	34,128	34,128
Court	-	6,475	6,415	-	-	-	-	12,890
Library	-	-	-	-	3,887	4,680		8,567
Total Expenditures	102,631	6,475	6,415	-	3,887	4,680	34,128	158,216
Revenues Over Expenditures	(55,211)	(243)	1,472	122,297	(3,729)	2,009	457,771	524,366
Other Financing Sources (Uses)								
Transfers in (out)	60,629	-	-	-	3,629	-	-	64,258
Total Other Financing (Uses)	60,629	-	-	-	3,629	-	-	64,258
Net Change in Fund Balances	5,418	(243)	1,472	122,297	(100)	2,009	457,771	588,624
Beginning fund balances	52,035	27,046	14,941	96,424	7,639	(46)	93,546	291,585
Ending Fund Balances	$ 57,453	$ 26,803	16,413	$ 218,721	$ 7,539	$ 1,963	$ 551,317	$ 880,209

City of Haslet, Texas

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

For the Year Ended September 30, 2019

PID #2

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 5,687		$ (3,976)	$ 1,711
Total Assets	$ 5,687	$ -	$ (3,976)	$ 1,711
Liabilities				
Liabilities to developer	$ 5,687	$ -	$ (3,976)	$ 1,711
Total Liabilities	$ 5,687	$ -	$ (3,976)	$ 1,711

PID #3

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 8,704	$ 15,000	$ (11,089)	$ 12,615
Total Assets	$ 8,704	$ 15,000	$ (11,089)	$ 12,615
Liabilities				
Liabilities to developer	$ 8,704	$ 15,000	$ (11,089)	$ 12,615
Total Liabilities	$ 8,704	$ 15,000	$ (11,089)	$ 12,615

PID #4

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 9,619	$ 15,000	$ (11,043)	$ 13,576
Total Assets	$ 9,619	$ 15,000	$ (11,043)	$ 13,576
Liabilities				
Liabilities to developer	$ 9,619	$ 15,000	$ (11,043)	$ 13,576
Total Liabilities	$ 9,619	$ 15,000	$ (11,043)	$ 13,576

City of Haslet, Texas

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

For the Year Ended September 30, 2019

PID #5	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 23,463	$ 6,135,382	$ (3,597,100)	$ 2,561,745
Total Assets	$ 23,463	$ 6,135,382	$ (3,597,100)	$ 2,561,745
Liabilities				
Liabilities to bond holders	$ 23,463	$ 6,135,382	$ (3,597,100)	$ 2,561,745
Total Liabilities	$ 23,463	$ 6,135,382	$ (3,597,100)	$ 2,561,745

PID #6	Beginning of Year	Additions	Deletions	End of Year
Assets				
Restricted cash and cash equivalents	$ 5,000	$ 15,688	$ (16,966)	$ 3,722
Total Assets	$ 5,000	$ 15,688	$ (16,966)	$ 3,722
Liabilities				
Liabilities to developer	$ 5,000	$ 15,688	$ (16,966)	$ 3,722
Total Liabilities	$ 5,000	$ 15,688	$ (16,966)	$ 3,722

See Notes to the Financial Statements

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES

ECONOMIC DEVLOPMENT CORPORATION (TYPE A) - BUDGET TO ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 217,500	$ 370,760	$ 488,032	$ 117,272
Interest	35,000	60,000	64,513	4,513
Total Revenues	252,500	430,760	1,040,577	609,817
Expenditures				
Economic development	2,425,072	490,072	277,244	212,828
Total Expenditures	2,425,072	490,072	277,244	212,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,172,572)	(59,312)	763,333	396,989
Other Financing Sources (Uses)				
Transfers out	(41,891)	(41,891)	(196,890)	(154,999)
Total Other Financing Sources (Uses)	(41,891)	(41,891)	(196,890)	(154,999)
Net Change in Fund Balances	(2,214,463)	(101,203)	566,443	$ 241,990
Fund Balances, October 1	3,093,577	3,093,577	3,093,577	
Fund Balances, September 30	$ 879,114	$ 2,992,374	$ 3,660,020	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES

COMMUNITY ECONOMIC DEVLOPMENT CORPORATION (TYPE B) - BUDGET TO ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 435,000	$ 741,520	$ 976,065	$ 234,545
Interest	30,000	41,000	62,456	21,456
Miscellaneous	45,220	# 45,220	44,520	(700)
Total Revenues	510,220	827,740	1,083,041	255,301
Expenditures				
Economic development	777,516	777,752	298,476	479,276
Total Expenditures	777,516	777,752	298,476	479,276
Net Change in Fund Balances	(267,296)	49,988	784,565	$ 734,577
Fund Balances, October 1	3,800,206	3,800,206	3,800,206	
Fund Balances, September 30	$ 3,532,910	$ 3,850,194	$ 4,584,771	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
GENERAL OBLIGATION DEBT SERVICE FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property tax, penalties, and interest	$ 410,580	$ 410,580	$ 449,369	$ 38,789
Interest	3,220	3,220	9,039	5,819
Total Revenues	413,800	413,800	458,408	44,608
Expenditures				
Debt service				
Principal	333,000	333,000	335,000	(2,000)
Interest	110,442	110,442	105,757	4,685
Total Expenditures	443,442	443,442	440,757	2,685
Net Change in Fund Balances	(29,642)	(29,642)	17,651	$ 47,293
Fund Balances, October 1	196,025	196,025	196,025	
Fund Balances, September 30	$ 166,383	$ 166,383	$ 213,676	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES

PARK BOARD FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Miscellaneous	$ 44,550	$ 44,550	$ 46,234	$ 1,684
Interest	650	650	1,186	536
Total Revenues	45,200	45,200	47,420	2,220
Expenditures				
Parks	105,250	105,250	102,631	2,619
Total Expenditures	105,250	105,250	102,631	2,619
Other Financing Sources (Uses)				
Transfers in (out)	60,200	60,500	60,629	(129)
Total Other Financing (Uses)	60,200	60,500	60,629	(129)
Net Change in Fund Balances	150	450	5,418	$ (528)
Fund Balances, October 1	52,035	52,035	52,035	
Fund Balances, September 30	$ 52,185	$ 52,485	$ 57,453	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
MUNICPAL COURT SECURITY FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines	$ 6,000	$ 6,000	$ 5,685	$ (315)
Interest	300	300	547	247
Total Revenues	6,300	6,300	6,232	(68)
Expenditures				
Court	5,225	6,077	6,475	(398)
Total Expenditures	5,225	6,077	6,475	(398)
Net Change in Fund Balances	1,075	223	(243)	$ 330
Fund Balances, October 1	27,046	27,046	27,046	
Fund Balances, September 30	$ 28,121	$ 27,269	$ 26,803	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
MUNICPAL COURT TECHNOLOGY FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines	$ 8,000	$ 8,000	$ 7,560	$ (440)
Interest	100	100	327	227
Total Revenues	8,100	8,100	7,887	(213)
Expenditures				
Court	7,477	7,477	6,415	1,062
Total Expenditures	7,477	7,477	6,415	1,062
Net Change in Fund Balances	623	623	1,472	$ (1,275)
Fund Balances, October 1	14,941	14,941	14,941	
Fund Balances, September 30	$ 15,564	$ 15,564	$ 16,413	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
CITY PARKS IMPROVEMENTS FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Park development fees	$ 5,000	$ 117,000	$ 119,000	$ 2,000
Interest	800	3,700	3,297	(403)
Total Revenues	5,800	120,700	122,297	1,597
Expenditures				
Parks	50,000	50,000	-	50,000
Total Expenditures	50,000	50,000	-	50,000
Net Change in Fund Balances	(44,200)	70,700	122,297	$ (48,403)
Fund Balances, October 1	96,424	96,424	96,424	
Fund Balances, September 30	$ 52,224	$ 167,124	$ 218,721	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
LIBRARY GRANT FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Contributions	$ 10,000	$ 10,000	$ 6,689	$ (3,311)
Total Revenues	10,000	10,000	6,689	(3,311)
Expenditures				
Library	10,000	10,000	4,680	5,320
Total Expenditures	10,000	10,000	4,680	5,320
Net Change in Fund Balances	-	-	2,009	$ 2,009
Fund Balances, October 1	(46)	(46)	(46)	
Fund Balances, September 30	$ (46)	$ (46)	$ 1,963	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES
STREET MAINTENANCE SALES TAX FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 192,500	$ 370,760	$ 488,034	$ 117,274
Interest	4,400	4,400	3,865	(535)
Total Revenues	196,900	375,160	491,899	116,739
Expenditures				
Streets	-	-	34,128	(34,128)
Total Expenditures	-	-	34,128	(34,128)
Net Change in Fund Balances	196,900	375,160	457,771	$ 82,611
Fund Balances, October 1	93,546	93,546	93,546	
Fund Balances, September 30	$ 290,446	$ 468,706	$ 551,317	